

AGENDA

- T. Sompolski: Background and Experience
- A “Point-of-View” on culture
 - Influence and change
- A “Point-of-View” on Human Resource leaders
 - Characteristics of a good leader
- Three stories about organization change
 - The Kraft Foods Story
 - The Philip Morris/Altria Story
 - The Interpublic Group Story
- Change process similarities
 - Kentucky State Government and IPG
- “A” moral of the story(s)

T. Sompolski Background and Experience

35 years in Human Resources

- Industrial durable goods
- Consumer products
- Personal service (Finance and Communications)

20 years: Kraft Foods/Philip Morris/Altria

Last 6 years – Chief Human Resources Officer, Interpublic Group

First half of career....

Emphasis on compensation and benefits to influence behaviors and increase the probability of outcome(s)

i.e.: sales quota, annual budget, long-term budget, encourage employees to stay, encourage employees to leave

...head decisions

Second half of career....

Emphasis on Talent Management

- Know who they are
- Know their aspirations
- Assess their performance
- Development plans and training
- Accountability (\$) for results

Plus

Effective/innovative human resource tools to influence individual and organization behaviors to increase the probability of enterprise change

i.e. “textured”
typically not a straight path
requires observations of “patterns”

Or

“head, heart and instinct decisions”

...sailboat analogy...

A “Point-of-View” on Culture

Knowledge + Values + Behaviors = Culture

Importance of “Role Models”

A “Point of View on Human Resource Leaders”

- Have a “point-of-view”
 - Know your organization and employees
- Coach others
 - Be part of a “solution”
- Expert at execution
 - Be dedicated to success

A “Point-of-View” on Good Leaders

Observed characteristics of good leaders

- They never stop learning
- A blend of ego to change things and a humility to ask questions
- Listen “hard” to answers
- High self-awareness and patience (the first “time”)
- Good at seeing patterns
- Good sense of humor
- Great story tellers

The Kraft Foods Story

- | | |
|---------------|--|
| Prior to 1980 | - Publicly Traded Corporation |
| | - Sales Driven |
| 1980-1986 | - Merged: Food Group of a publicly traded corporation |
| | - Marketing Emphasis |
| 1986-1988 | - Publicly traded corporation |
| | - Learn how to be independent (again) |
| 1988-1999 | - Acquired: Food Group of a publicly traded corporation |
| | - General Foods |
| | - Jacobs Suchard |
| | - Nabisco |
| 2000-2007 | - Partial “spin-off” to public |
| 2008++ | - Full “spin-off” to a publicly traded corporation (again) |

What’s next?

Cadbury Confections

The Philip Morris/Altria Story

- Food culture vs. tobacco culture
- The master settlement agreement
- A shared sense of purpose for Human Resources

“Talented, engaged and committed employees are critical to the future success of the organization...”

The Human Resources function will . . .

Build employee capabilities

Drive behaviors

Create a diverse and inclusive environment

Communicate to build trust and inspire pride

Execute once



World Class Clients





Portfolio of Powerful Brands – Across Disciplines and Globally



Premier global network, industry's largest provider of integrated campaigns

DRAFTFCB

Modern global agency model combines accountability with creativity under single P&L



High-value ideas in high-growth markets



UM initiative

Two global media networks and a spectrum of specialist media companies



octagon
FutureBrand

Best-in-class marketing services providers



Exceptional group of independent agencies



Recent Industry Honors & Recognition

WEBER SHANDWICK

Large PR Agency of the Year, *Holmes Report*
Large PR Agency of the Year, *PR News*
Tops *PRWeek's* First Global Agency Report Card



Comeback Agency of the Year, *Ad Age*



Agency of the Year, *B2B Magazine*



Interactive Agency of the Year, *Ad Age*
"A" List, *Adweek*
Digital "Leader", *Forrester Wave Report*

Digital "Strong Performer"
Forrester Wave Report

DRAFTFCB

initiative

Media Agency of the Year, *Ad Age*
US Media Agency of the Year, *Adweek*

THE MARTIN AGENCY

"A" List, *Ad Age*

McCANN ERICKSON

UM



Top rankings, Agency Report Cards, *Adweek*

"A" List, *AdAge*

Deutsch

The IPG Story

- 100's of acquisitions
- No/little integration
- Extreme internal competition

Then add . . .

- 4 CEO's in 4 years
- 5 CFO's in 5 years
- 3 CHRO's in 4 years

Plus . . .

Multiple earnings restatements
SEC investigations
Client issues
Competitive pressures
Dramatic decline in stock price

Resulted in
Absolutely no trust

What happens next?

- Executive stability
 - CEO – 5+ years
 - CFO – 4 years
 - CHRO – 5+ years
- Establish a set of values
 - Transparency
 - Strategic creativity
 - Collaboration
- Added three new board members
- Replaced some senior leaders
- Strengthened or replaced financial executive at networks
 - Normal quarter closing
- Settled SEC issues
- Began to stabilize/win clients
- Achieved profitability
- Established trust

- Established a Human Resources function and sense of purpose
 - Talent Development
 - Leadership Standards
 - Performance based compensation
 - Engage and include diverse employees to participate in work and decision-making
 - Use technology to gain scale

. . . This story is not finished . . .

Change Process Similarities

Kentucky State Government (KSG) and IPG

- Employer of choice

KSG will ensure diversity of the workforce

IPG

- CEO Diversity Council and report to Board
- Goals part of executive bonus
- Employee affinity groups

KSG will promote health and wellness

IPG

- Consolidating medical plans
- Disease management programs
- Healthy pregnancy program
- \$100 gift card incentive

- Health fairs

- Create a learning and development culture

KSG will assess: learning needs

Innovative learning strategies

Ensure manager involvement

IPG

My LEAD

Code of Conduct – E-Training

- Paramation comics

Pilot job posting

Talent Management goals in executive bonus

Web-based tools for Human Resources

- Promote a one-employer concept

KSG and IPG focus on principles vs. forms

- Enhance customer value

KSG will ... measure value and satisfaction with programs

... enhance customer experience

IPG

- Implementing employee survey
- Feedback from employee affinity group

“A” The Moral of the Story(s)

1. External activity will require that organizations change to be effective and survive
2. The time that organizations have to change keeps getting shorter
3. Even the best leaders perform better with good coaching
4. Human Resource leaders
 - Have a point-of-view
 - Coach and be part of a solution
 - Expert at execution
5. A strategic Human Resources function is a critical contributor managing culture and change

